

Congress of the United States
House of Representatives
Washington, DC 20515-5400

January 27th, 2017

To the Puerto Rico Financial Oversight and Management Board
c/o José Carrión III, Chairman

Dear Board Members:

Thank you, again, for donating your time, effort, and expertise to Puerto Rico's fiscal problems. I respect and appreciate you for it. I also understand that the assignment you have taken on is complex and difficult.

One of the reasons that it is difficult, of course, is that the Board was established by the Government of the United States, and the only voting representation that Puerto Ricans have in that government, our national government, are the votes of the Resident Commissioner in the few committees of the U.S. House of Representatives to which she or he is assigned. The Board, therefore, is an undemocratic imposition on the people of Puerto Rico made possible by the islands' status as a territory. For nearly two-thirds of a century before this, the United States allowed Puerto Rico to exercise authority similar to that which the States possess.

Particularly because of the actions and attitudes of the last leadership of the Government of Puerto Rico, you have been invested with power greater than that of the elected government of the territory on matters affecting finances – which covers most matters. The Board was also established as an effective part of the Government of Puerto Rico, with its expenses paid as it determines at its sole discretion by Puerto Rican revenue. That is an exercise of raw colonial power made possible by Puerto Rico's status as a possession of the U.S.

It is a situation ripe for resentment and conflict. It imposes upon you the necessity and obligation to carry out your mission as sensitively as possible to the decisions and leadership of Puerto Rico's new elected officials. Because this leadership is demonstrating that it is much more fiscally responsible than its predecessor, it requires even greater deference to the Governor and the Legislative Assembly. I trust that you recognize this.

It is also essential that you not interpret your mission to narrowly, focusing on balancing the budget without adequately considering human needs. You also have the


obligation to advise the Congress and the President of the reasons for Puerto Rico's fiscal problems that stem from its territory treatment in Federal laws and programs, which has limited and hindered its economic growth and starved the insular government's budget.

I am writing regarding Puerto Rico's Federal Medicaid funding and the suggestion in your letter of January 18th to Governor Rosselló Nevares that healthcare spending by the territorial government be reduced \$1 billion a year by July 1, 2018.

I suspect that the insular government's healthcare programs can be made more efficient – but I would appreciate it if you would advise me if the \$1 billion was based on a specific plan calculated using the cost of services and, if so, advise me of the specifics of the changes in operations and services that would be required.

As you know, the Federal healthcare law reform laws enacted in 2010 ('Obamacare') gave the territory two one-time grants of specific amounts that could be used for its Medicaid program ensuring healthcare for low-income individuals – unlike its increases in Medicaid funding for the States, which were unlimited as to amount and duration – and these funds are expected to be used up later this year. Unless replaced, the Obamacare territories Medicaid cliff would reduce Federal Medicaid funding from some \$1.68 billion a year at present to about \$360 million and would require the end of Medicaid services to more than 470,000 Puerto Ricans – Americans, according to the U.S. Department of Health and Human Services.

In your letter of November 23rd to Governor García Padilla, you requested that a gubernatorial fiscal adjustment plan exclude an extension of the current funding “unless . . . accompanied by a specific bill.”



As I have previously advised you, I am, as a Member of the U.S. House of Representatives, sponsoring such legislation. I am now also doing it as a Member of the House Majority's Policy Committee. The bill would continue the current level of Medicaid funding for the territory.

I have discussed need for this action with a number of my colleagues, including Representative Price, the President's nominee to be Secretary of Health and Human Services. During a hearing of the Senate Finance Committee, which has jurisdiction over Medicaid, he testified this week with respect to avoiding the 'Obamacare' territories Medicaid cliff in Puerto Rico, “We, absolutely, have to find the resources to make sure they have the health care they need . . . They are American citizens and we have to take that responsibility seriously.”

In addition, the Congressional Task Force on Economic Growth in Puerto Rico, a panel made up of an equal number of Republicans and Democrats from both houses of the Congress chaired by Chairman Hatch of the Senate Finance Committee – and established by the same Federal law that established the Board, recommended five


weeks ago that Congress “early” this year “address the impending Medicaid cliff,” providing “more equitable and sustainable” funding.

In light of this, I respectfully submit that it is at least too early in the year to insist upon a fiscal plan that cuts healthcare services \$1 billion and assumes no increase in Medicaid funding for Puerto Rico.

Further, the Board’s determination that the Government of Puerto Rico can reduce healthcare spending by \$1 billion is a serious threat to our efforts to obtain additional Medicaid funding for the territory. It argues against at least most of the current funding being replaced.

Along with its fiscal prescriptions, the Board has expressed its sympathy for increased funding. In light of this and of the implications if funding is not replaced, I also respectfully request that the Board join me in actively advising the Congress and the President that such funding is imperative. Each of you were appointed by the President and all but one of you were appointed at the recommendation of leaders of Congress. It is morally incumbent upon you to advise those responsible for your appointment of the need for additional Medicaid funding and of the consequences of it not being provided.

It should not be forgotten that the equity referred to by the Task Force not only relates to the limited ‘Obamacare’ funding for Puerto Rico but to the territory’s far worse than equal treatment with the States in Medicaid under other law.



Even with the current funding, only individuals with incomes up to \$6,600 a year were eligible for Medicaid services in the territory last year. Individuals with incomes of up to \$15,800 were eligible in the States. For families of four, the income limits were \$10,200 and \$32,319, respectively.

Additionally, as of Fiscal Year 2015, because of the territory’s far worse than a State funding, Puerto Rico’s Medicaid program did not provide seven of the 17 services mandated by the Federal government in Medicaid –

- Home health services for those entitled to nursing facility services
- Non-emergency transportation to medical care
- Certified pediatric and family nurse practitioner services
- Nurse midwife services
- Nursing facility (long-term care) services for those over age 21
- Emergency services for certain legalized aliens and undocumented aliens
- Freestanding birth center services.
- Hospice care
- Private duty nursing services
- Intermediate care facility for individuals with intellectual disabilities
- Personal care services
- Targeted case management services

- Nursing facility services for those 65 and older in an institution for mental diseases.

Clearly, Puerto Rico's Medicaid program cannot fairly be considered excessively generous. A State program would receive about twice as much Federal funding as at present. Puerto Rico's cost share would be 17 and 10 percent vs. 45%.

I respectfully, but strongly, encourage the Board to reconsider this matter and turn its focus on Federal funding used for Medicaid to ensuring that the current level of funding is maintained, instead of undermining legislation in this regard.

Thank you, again, for your service to Puerto Rico.

Sincerely,



Jenniffer González-Colón
Member of Congress

cc: Hon. Ricardo Rosselló Nevares, Governor of Puerto Rico
Hon. Thomas Rivera Schatz, President, Senate of Puerto Rico
Hon. Carlos Méndez Núñez, Speaker, Puerto Rico House of Representatives